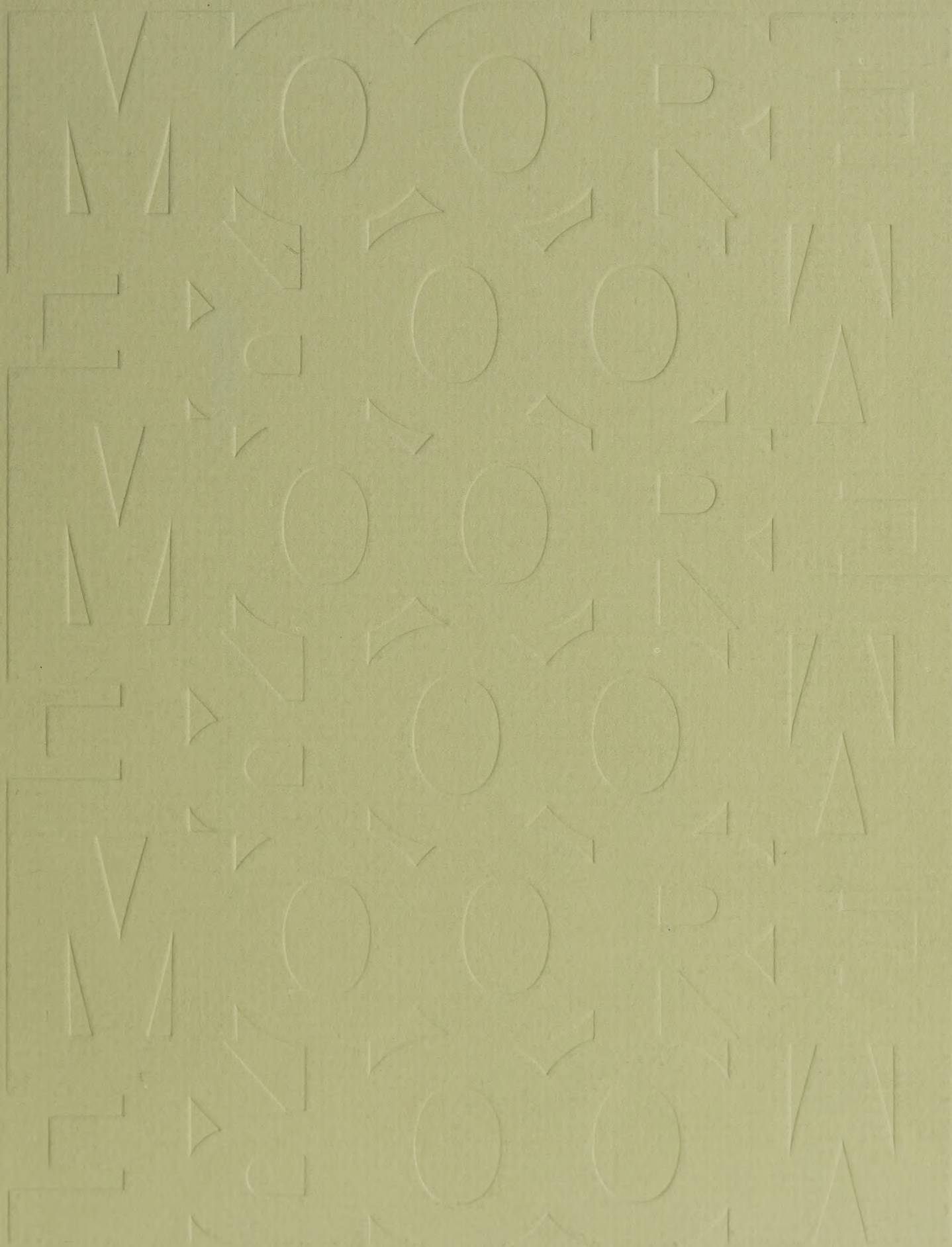



Moore Corporation Limited • Annual Report 1976





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financial highlights

Expressed in United States currency

	1976	1975
SALES	\$1,053,241,000	\$1,005,610,000
EARNINGS BEFORE INCOME TAXES, MINORITY INTERESTS, UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS AND EXTRAORDINARY ITEMS	\$ 148,711,000	\$ 159,797,000
Per dollar of sales	14.1¢	15.9¢
INCOME TAXES	\$ 77,688,000	\$ 83,597,000
Per dollar of sales	7.4¢	8.3¢
UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS	\$ 4,638,000	\$ 2,180,000
Per share	\$.17	\$.08
EXTRAORDINARY ITEMS	\$ 1,212,000	—
Per share	\$.04	—
NET EARNINGS	\$ 60,421,000	\$ 69,512,000
Per dollar of sales	5.7¢	6.9¢
Per share	\$ 2.16	\$ 2.48
DIVIDENDS	\$ 33,624,000	\$ 33,621,000
Per share	\$ 1.20	\$ 1.20
EARNINGS RETAINED IN BUSINESS ...	\$ 26,797,000	\$ 35,891,000
CURRENT ASSETS	\$ 452,975,000	\$ 424,105,000
CURRENT LIABILITIES	137,232,000	136,386,000
WORKING CAPITAL	\$ 315,743,000	\$ 287,719,000
Ratio of current assets to current liabilities	3.3 to 1	3.1 to 1
SHAREHOLDERS' EQUITY	\$ 424,139,000	\$ 397,278,000
Per share	\$ 15.14	\$ 14.18
Shares outstanding	28,020,646	28,017,546
EXPENDITURES FOR FIXED ASSETS ...	\$ 30,214,000	\$ 35,503,000



D. W. Barr, *Chairman of the Board*
R. W. Hamilton, *President*

report to the shareholders

Sales for the year set a new record at \$1,053.2 million compared with \$1,005.6 million in 1975, an increase of 4.7%. The growth in constant dollars was approximately 8%. This result was achieved under highly competitive conditions throughout the entire year. In addition, sales of foreign subsidiaries were reduced in the consolidated report by adverse fluctuations in foreign exchange. The competitive environment was world-wide, reflecting an over capacity situation in the business forms industry arising out of the high inflation and customer inventory accumulation that occurred in 1973 and 1974.

Earnings for the year, before unrealized foreign exchange adjustments and extraordinary items, totalled \$66.3 million, equal to \$2.37 per share compared with \$71.7 million and \$2.56 per share in 1975, a decline of 7.6%. Costs continued to escalate during the year and, coupled with lower market prices, brought considerable pressure on earnings. In addition, compliance with anti-inflation controls adversely affected Canadian earnings in 1976. Cost reduction programs were continued in all areas.

Foreign currency translation losses of \$4.6 million equal to 17¢ per share (8¢ in 1975) and extraordinary items of \$1.2 million equal to 4¢ per share (nil in 1975) reduced net earnings to \$2.16 per share compared with \$2.48 per share in 1975. Net earnings of 66¢ per share in the final quarter of 1976 were the highest quarterly earnings of the last two years.

Sales reported by Lamson Industries Limited in sterling increased 15%, of which 9% was due to favourable foreign exchange movements. Net earnings of this major subsidiary in sterling, before extraordinary items, increased by 64.6% in 1976 over 1975, with the earlier year affected by exceptional expenses which did not recur in 1976. When converted to United States dollars, sales of Lamson were 7.1% below 1975 and net earnings, before unrealized foreign exchange adjustments and extraordinary items, increased 32.3%.

In a letter dated February 7, 1977, shareholders were informed of the proposed plan to purchase for cash all the outstanding preference and ordinary shares of Lamson Industries Limited now owned by the minority shareholders. The plan is subject to United Kingdom official consents being received in advance to a related reorganization of the Lamson group of companies which will enable Moore to transfer ownership of certain Lamson overseas subsidiaries to Moore International B.V. in the Netherlands. The necessary applications have been filed with the appropriate United Kingdom government authorities. The proposed purchase price approximates \$42.0 million.

As part of an overall plan to achieve maximum benefit from the many subsidiaries it now controls throughout the world, Moore has formed a wholly-owned subsidiary in the Netherlands to which ownership of its principal interest in the United States has been transferred. This new subsidiary will facilitate the financing of foreign operations and provide better coordination of Moore technology in the areas of research, marketing and production.

In 1976, coating equipment designed by Moore was installed to produce carbonless paper. This equipment reduces the cost of the coated paper and provides improved quality. Market analysis

and initial customer acceptance indicate increased interest in carbonless forms, and a significant conversion from products using one-time carbon is expected to take place. Moore is in a very favourable position to increase its share of this growing market for carbonless forms.

Considerable progress was made during the year in broadening the product offering to the Direct Marketing Industry, and increasing emphasis is being given this program. New product applications are being developed to service not only the direct mail selling market, but other markets such as fund raising activities and lotteries. Continued above average growth in sales and profit for this operation is foreseen.

The growth in small computers continues at an accelerated rate, creating a new market for business forms. Moore has a complete forms package designed to serve this market and has been successful in capturing a major share of the new business being generated.

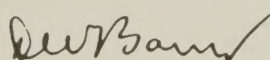
The year included an active corporate development effort to locate additional growth opportunities for the Corporation. The recent acquisition of International Graphics Corporation located in Minneapolis, Minnesota provides entry into what has been identified as a fast developing major market for Computer Graphics. Price lists, parts lists, private telephone directories and real estate multiple listings are updated on a timely and accurate basis to meet user requirements for current data in these and other areas of business.

The Corporation's Market Research staff continue to assess the potential impact of competing technologies on the business forms industry. These technologies, including non-impact printers and the use of micro graphics, have not had a significant impact on the use of business forms to date. It now appears that their impact on the future market for business forms will be limited. The United States Department of Commerce projects a 10.1% annual growth in business forms through 1985.

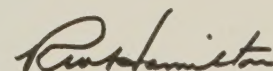
In the United States and other countries, there are indications that a recovery in general economic conditions is underway. This recovery together with a continuation of the improvement in price levels experienced in the fourth quarter of 1976 should create a better market for business forms in 1977. A significant increase in earnings in 1977 compared with 1976 is expected.

The operating results achieved in 1976 reflect the dedicated effort of all employees of the Corporation performing in a very difficult market environment. For their support and that of its customers and suppliers, the Corporation expresses sincere appreciation.

On behalf of the Board,



D. W. BARR
Chairman



R. W. HAMILTON
President

March 14, 1977



review of operations for the year

all figures are expressed in United States currency

sales

In 1976, consolidated sales of \$1,053.2 million compared with a total of \$1,005.6 million in 1975, an increase of \$47.6 million.

A comparative analysis of sales by product and by geographic area follows:

	1976		1975	
Sales by product: (millions)				
Business forms and related products	\$ 996.8	95%	\$ 956.9	95%
Custom packaging	56.4	5	48.7	5
	<u>\$1,053.2</u>	<u>100%</u>	<u>\$1,005.6</u>	<u>100%</u>
Geographic distribution of sales: (millions)				
United States	\$ 667.9	63%	\$ 612.7	61%
Canada	109.7	10	99.1	10
Mexico, Central and South America and the Caribbean	31.3	3	30.6	3
Great Britain	72.1	7	87.0	9
Europe	116.3	11	115.5	11
Africa	15.1	2	16.5	2
Australasia	37.9	4	40.8	4
Other countries	2.9	—	3.4	—
	<u>\$1,053.2</u>	<u>100%</u>	<u>\$1,005.6</u>	<u>100%</u>

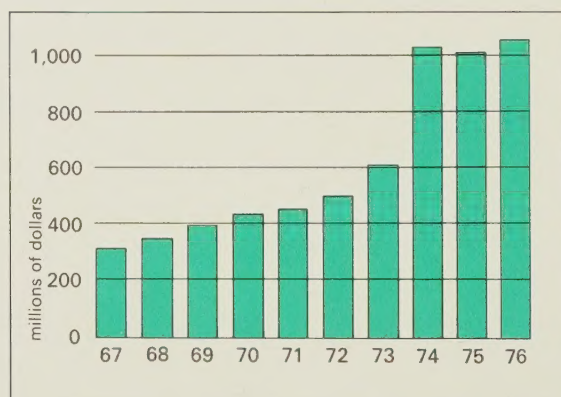
earnings

Consolidated net earnings of \$60.4 million, equal to \$2.16 per share, compared with \$69.5 million and \$2.48 per share in 1975.

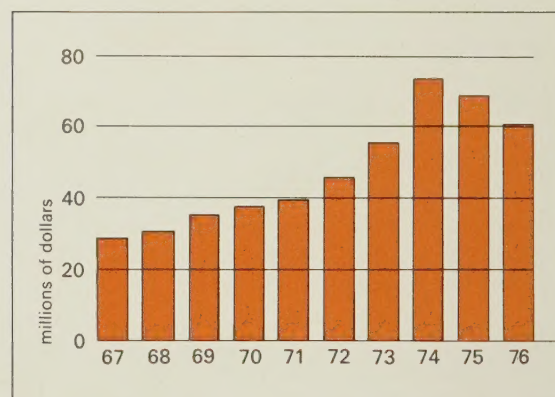
During the year, the United States dollar strengthened against most foreign currencies. In

addition, the Mexican peso, the Australian dollar and the New Zealand dollar were devalued. These currency fluctuations resulted in a net unrealized exchange adjustment arising upon the translation of Canadian and other currency

Sales



Net Earnings



financial statements into United States dollars. This adjustment, explained in note 8 to the consolidated financial statements, reduced net earnings by \$4.6 million or 17¢ per share compared with a loss of \$2.2 million or 8¢ per share in 1975.

Net earnings also were reduced by extraordinary items totalling \$1.2 million or 4¢ per share. These items are detailed in note 9 to the consolidated financial statements. There were no extraordinary items in 1975.

Moore and Lamson operating results compared with 1975 are shown in the following schedule.

	Sales (millions)		Earnings before net unrealized exchange adjustments and extraordinary items (millions)	
	1976	1975	1976	1975
Moore	\$ 811.0	\$ 743.6	\$65.2	\$70.8
Lamson	244.4	263.2	8.2	6.2
	1,055.4	1,006.8	73.4	77.0
Consolidation adjustments	2.2	1.2	2.3	.8
Minority Interests	—	—	4.8	4.5
	\$1,053.2	\$1,005.6	\$66.3	\$71.7

dividends and retained earnings

Dividends for the year totalled \$33.6 million equal to \$1.20 per share, being four quarterly dividends of 30¢ each, unchanged from 1975.

In 1976, earnings retained in the business totalled \$26.8 million.

consolidated balance sheet

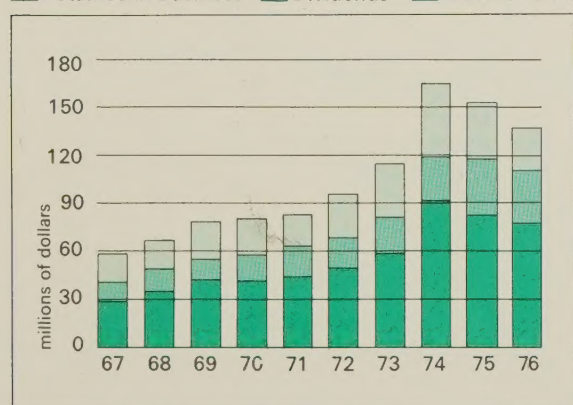
The consolidated balance sheet continues to reflect the sound financial position of the Corporation. Working capital of \$315.7 million increased by \$28.0 million during the year. Current assets were 3.3 times current liabilities, an improvement over the 3.1 : 1 ratio at the end of 1975.

Details of the increase in working capital are provided in the consolidated statement of changes in financial position on page 11.

The sale of property in the United Kingdom accounts for substantially all of the reduction in the value of land recorded in the balance sheet.

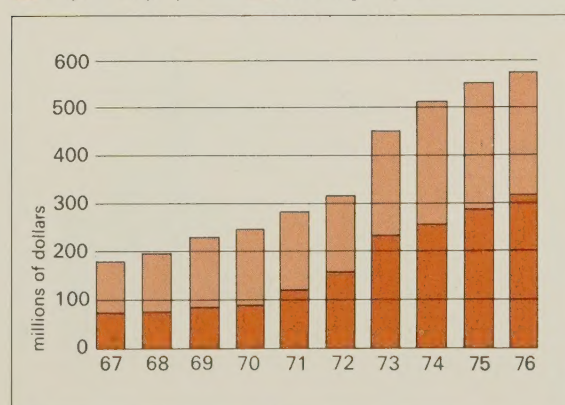
Distribution of Earnings

Retained in Business Dividends Income Taxes



Capital Employed and Working Capital

Capital Employed Working Capital



capital expenditures

Expenditures for fixed assets totalled \$30.2 million including \$8.6 million for Lamson Industries Limited.

Following is a geographic breakdown and analysis of the 1976 expenditure.

	Land and buildings	Machinery and equipment
	(millions)	
United States	\$ 3.3	\$12.5
Canada . . . . .	.1	4.5
Mexico, Central and South America and the Caribbean	—	1.1
Great Britain . . . . .	.3	1.8
Europe . . . . .	.5	4.6
Africa	—	.3
Australasia . . . . .	.1	1.0
Other countries	—	.1
	<u>\$ 4.3</u>	<u>\$25.9</u>

acquisitions and subsequent events

During the year, The Recordplate Co., Inc. of El Monte, California, was acquired by the Corporation's subsidiary, Moore Business Forms, Inc., for a cash consideration of approximately \$1.2 million. (See page 20).

As indicated in note 11 to the consolidated financial statements on page 14, certain significant events have occurred since the end of 1976.

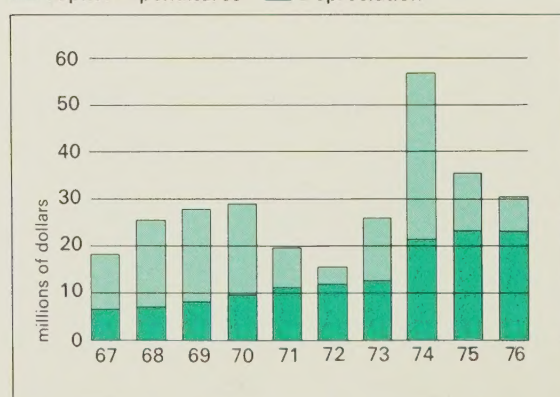
On January 19, 1977, Moore Business Forms, Inc., a subsidiary of the Corporation, acquired International Graphics Corporation of Minneapolis, Minnesota, for a cash consideration of approximately \$11.3 million. (See page 20).

On February 7, 1977, the Corporation announced its intention to purchase for cash all the outstanding preference and ordinary shares of Lamson Industries Limited that are now owned by the minority shareholders, subject to United Kingdom official consents being received that would approve a reorganization of the Lamson group of companies. The proposed purchase price approximates \$42.0 million.

On February 25, 1977, for a cash consideration of approximately \$4.0 million, Reid Dominion Packaging Limited, the Corporation's Canadian custom packaging subsidiary, acquired the assets and business of the Flexible Packaging Division of E. B. Eddy Forest Products Ltd. in Hamilton, Ontario. (See page 21).

Capital Expenditures and Depreciation

Capital Expenditures Depreciation



Distribution of Revenue

	1976	1975
Sales and investment and other income	100.0%	100.0%
<i>Used as follows:</i>		
Wages, salaries, employee benefits	32.0	31.3
Materials, supplies and services	51.1	49.9
Depreciation	2.2	2.3
Taxes—Income, property and other	8.1	9.0
Allocated to Minority interests . . . . .	.4	.4
Unrealized foreign exchange adjustments . . . . .	.4	.2
Extraordinary items . . . . .	.1	—
Dividends	3.2	3.3
Retained in Business	2.5	3.6

directors and officers

Effective December 31, 1976, Irwin A. Bailey, a director of the Corporation since 1971 and senior vice-president, retired after more than thirty-seven years of outstanding service. At the time of his retirement, Mr. Bailey was also vice-chairman of Lamson Industries Limited, having been located in London, England since 1974.

James D. Farley, executive vice-president of Citibank, N.A., has been appointed a director to succeed Mr. Bailey.

There are a number of other recent changes to report within the Corporation's senior executive group. Bernard H. Pearce retired at the end of the year as chairman of Lamson Industries Limited and has been elected its president. Effective January 1, 1977, Jean-Paul R. M. Evans, formerly managing director of Lamson, became its chairman and chief executive officer. Also as of that date, Wilbur M. Nichols became managing director and chief operating officer of Lamson Industries Limited. He was formerly vice-president and general manager of Moore Business Forms, the Canadian operating division of the Corporation.

John M. Darwen succeeded Mr. Nichols as vice-president and general manager of the Canadian Division. Mr. Darwen was formerly general sales manager of that division.

During the year, Ralph W. Seiler, vice-president and general manager of F. N. Burt Company, Inc., retired after having served that company with distinction since 1946. Donald E. Wandersee, formerly a senior executive with Moore Business Forms, Inc., succeeded Mr. Seiler as vice-president and general manager.

Also during the year, George G. Flint was appointed comptroller of the Corporation. Mr. Flint was formerly an assistant comptroller of the Southern Division of Moore Business Forms, Inc.

shareholders

Ownership of the shares of the Corporation continues to be widely distributed. At the end of 1976 there were 20,036 shareholders, including 6,358 share registrations in the names of trust companies, banks and other financial institutions. There were 20,198 shareholders at the end of 1975.



consolidated balance sheet

Expressed in United States currency

	AS AT DECEMBER 31	
	1976	1975
assets		
CURRENT ASSETS		
Cash	\$ 10,130,000	\$ 12,263,000
Short-term securities, at cost which is approximate market value	88,298,000	75,265,000
Accounts receivable	197,383,000	180,046,000
Inventories	152,125,000	152,698,000
Prepaid expenses	5,039,000	3,833,000
TOTAL CURRENT ASSETS	452,975,000	424,105,000
FIXED ASSETS		
Land	23,305,000	27,111,000
Buildings	112,219,000	111,120,000
Machinery and equipment	340,035,000	321,807,000
	475,559,000	460,038,000
Less: Accumulated depreciation	190,247,000	172,449,000
	285,312,000	287,589,000
INVESTMENT IN ASSOCIATED CORPORATIONS	7,926,000	7,298,000
OTHER ASSETS (Note 2)	18,049,000	18,161,000
	\$764,262,000	\$737,153,000

	AS AT DECEMBER 31	
	1976	1975
liabilities		
CURRENT LIABILITIES		
Bank loans	\$ 18,498,000	\$ 22,971,000
Accounts payable and accruals	95,366,000	90,469,000
Dividends payable	8,406,000	8,405,000
Accrued income taxes	14,962,000	14,541,000
TOTAL CURRENT LIABILITIES	137,232,000	136,386,000
LONG-TERM DEBT (Note 3)	90,417,000	92,082,000
DEFERRED INCOME TAXES AND LIABILITIES (Note 4)	52,800,000	51,596,000
EQUITY OF MINORITY SHAREHOLDERS IN SUBSIDIARY CORPORATIONS	59,674,000	59,811,000
	340,123,000	339,875,000

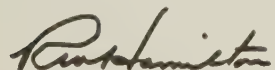
shareholders' equity

COMMON SHARES (Note 5)		
Authorized 31,779,264 shares without par value		
Issued and outstanding 28,520,646 shares (28,517,546 shares in 1975)	33,770,000	33,706,000
RETAINED EARNINGS	404,977,000	378,180,000
	438,747,000	411,886,000
Less: Cost of 500,000 shares of the Corporation held by a subsidiary corporation	14,608,000	14,608,000
	424,139,000	397,278,000

Approved by the Board of Directors:



Director



Director

\$764,262,000	\$737,153,000
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consolidated statement of earnings

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1976	1975*
Sales	\$1,053,241,000	\$1,005,610,000
Cost of sales, selling and administrative expenses	887,426,000	827,867,000
Depreciation	23,388,000	23,136,000
	910,814,000	851,003,000
Income from operations	142,427,000	154,607,000
Investment and other income	6,284,000	5,190,000
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	148,711,000	159,797,000
Income taxes	77,688,000	83,597,000
Minority interests (Note 8)	4,752,000	4,508,000
Earnings before unrealized foreign exchange adjustments and extraordinary items	66,271,000	71,692,000
Unrealized foreign exchange adjustments (Note 8)	4,638,000	2,180,000
Earnings before extraordinary items	61,633,000	69,512,000
Extraordinary items (Note 9)	1,212,000	—
NET EARNINGS	\$ 60,421,000	\$ 69,512,000
EARNINGS PER SHARE (Note 10)		
Before extraordinary items	\$2.20	\$2.48
After extraordinary items	\$2.16	\$2.48

* Reclassified (Note 8)

consolidated statement of retained earnings

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1976	1975
Balance at beginning of year	\$ 378,180,000	\$ 339,308,000
Accounting change effective January 1, 1975	—	2,981,000
Net earnings	60,421,000	69,512,000
	438,601,000	411,801,000
Dividends (\$1.20 per share)	33,624,000	33,621,000
BALANCE AT END OF YEAR	\$ 404,977,000	\$ 378,180,000

consolidated statement of changes in financial position

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1976	1975
sources of working capital		
Earnings before extraordinary items	\$ 61,633,000	\$ 69,512,000
Items not requiring current outlays of working capital, principally depreciation, deferred income taxes and minority interests	30,285,000	29,316,000
Working capital from operations	91,918,000	98,828,000
Extraordinary items	2,679,000	—
Additions to long-term debt	5,281,000	8,307,000
Sale of fixed assets	2,261,000	1,494,000
Common shares issued	64,000	8,000
Other sources	744,000	530,000
	102,947,000	109,167,000
applications of working capital		
Expenditure for fixed assets	30,214,000	35,503,000
Dividends	33,624,000	33,621,000
Dividends paid by subsidiaries to minority interests	1,932,000	2,055,000
Deferred charges	1,227,000	838,000
Reductions in long-term debt	6,577,000	7,539,000
United Kingdom Advance Corporation Tax	460,000	2,414,000
Other applications	889,000	1,554,000
	74,923,000	83,524,000
INCREASE IN WORKING CAPITAL	28,024,000	25,643,000
WORKING CAPITAL AT BEGINNING OF YEAR	287,719,000	262,076,000
WORKING CAPITAL AT END OF YEAR	\$315,743,000	\$287,719,000



notes to consolidated financial statements

YEAR ENDED DECEMBER 31, 1976 (Expressed in United States currency)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Principles of consolidation:

Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements include the accounts of Moore Corporation Limited and all of its subsidiary corporations.

Translation of foreign currencies:

The consolidated financial statements are expressed in United States currency because the greater part of the assets, liabilities and earnings are located or originate in the United States. Canadian and other currencies have been translated into United States currency on the following bases:

Current assets, current liabilities, pension liabilities, long-term receivables and long-term debt at the year-end rates of exchange;

All other assets, liabilities, accumulated depreciation and related charges against earnings, and share capital, at historical rates of exchange;

Income and expenses, other than depreciation, at average exchange rates during the year.

Net unrealized losses arising on translation of foreign currencies are charged to earnings. Net unrealized gains are deferred and included in accounts payable and accruals to the extent they exceed any losses previously charged to earnings.

Realized exchange gains or losses are included in earnings.

Inventories:

Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories in Canada and the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Fixed assets and depreciation:

Fixed assets are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives, generally using the straight-line method.

Gains or losses on the disposal of fixed assets are included in earnings and the cost and accumulated depreciation related to these assets are removed from the accounts.

Investment in associated corporations:

The Corporation accounts for its investment in associated corporations by the equity method.

Goodwill:

Goodwill represents the excess of the cost of shares in subsidiaries over the book value of their net assets at date of acquisition, less the portion thereof allocated to tangible assets, and is being amortized by the straight-line method over a period of forty years.

Amortization of deferred costs:

Deferred debenture costs are amortized over a ten-year period and deferred production engineering costs are amortized over varying periods not exceeding five years.

Income taxes:

The Corporation accounts for income taxes on the tax allocation basis which relates income taxes to the accounting income for the year.

The Companies Act of British Columbia:

The consolidated financial statements do not purport to comply with all disclosure requirements of The Companies Act of British Columbia.

NOTE 2 OTHER ASSETS

Other assets include goodwill, less amortization, amounting to \$10,819,000 (1975—\$11,008,000).

NOTE 3 LONG-TERM DEBT

	1976	1975
Moore Corporation Limited		
6% Convertible Subordinated Debentures due April 1, 1994 (Cdn. \$50,000,000)	\$49,564,000	\$49,212,000
Moore Business Forms, Inc.		
7.90% Senior Notes due October 1, 1996	20,000,000	20,000,000
6.75% Promissory Note due December 31, 1986	3,067,000	3,307,000
Other	1,205,000	480,000
Lamson Industries Limited and its subsidiaries		
Secured loans	3,828,000	3,554,000
Unsecured loans	9,225,000	12,040,000
Other subsidiaries	3,528,000	3,489,000
	<u>\$90,417,000</u>	<u>\$92,082,000</u>

The 6% Convertible Subordinated Debentures are convertible at any time until April 1, 1984 into Common shares at a rate of 17 shares per \$1,000 (Cdn.) principal amount of debentures. Under certain circumstances debentures are redeemable from April 1, 1978 in accordance with the provisions and sinking fund requirements specified in the trust agreement. The trust agreement provides for a sinking fund, in respect of the retirement of the debentures, to commence in 1985.

The Promissory Note is secured by mortgages on certain properties.

The long-term debt of Lamson Industries Limited and its subsidiaries bears interest at rates ranging from 5.0% to 15.0%. These debts mature on varying dates up to 1992. All loans are payable in currencies other than United States dollars. The Lamson loans of \$3,828,000 are secured by assets of eight Lamson subsidiaries.

Payments of \$1,830,000 at December 31, 1976 and \$7,210,000 at December 31, 1975 on long-term debt due within one year are included in accounts payable and accruals. For the years 1978 through 1981 payments required on long-term debt are as follows: 1978—\$7,470,000; 1979—\$4,371,000; 1980—\$1,761,000; 1981—\$2,353,000. Repayments of principal on the Senior Notes commence in 1981.

NOTE 4 DEFERRED INCOME TAXES AND LIABILITIES

Deferred income taxes in the consolidated balance sheet amount to \$40,158,000 at December 31, 1976 and \$37,263,000 at December 31, 1975. Deferred liabilities include \$12,170,000 (1975—\$13,314,000) provided by Lamson Industries Limited and its subsidiaries for pensions under unfunded retirement plans (Note 6).

NOTE 5 COMMON SHARES

At December 31, 1976, Lamson Industries Limited held 500,000 shares of the Corporation, the cost of which on consolidation is deducted from shareholders' equity.

On September 27, 1976, under the terms of the Executive Stock Option Plan, options were granted to certain employees to purchase 54,500 shares of the Corporation. During 1976, 3,100 shares were purchased by holders of options for a cash consideration of \$64,000. Options expire on various dates not more than ten years from the dates granted, and the option price per share is the market value on the date of the grant. Details of the options outstanding at December 31, 1976 are as follows:

Year granted	Price per share in Canadian currency	Number of shares
1972	\$47.69	12,048
1973	49.38	22,200
1976	34.94	54,500

As required by the provisions of the trust agreement relating to the 6% Convertible Subordinated Debentures, 850,000 authorized shares are reserved to meet the conversion privilege of the debentures.

NOTE 6 RETIREMENT PLANS

New legislation governing pension plans in the United States came into effect on January 1, 1976. In accordance with this legislation, the terms of the Corporation's United States pension plans have been revised and, concurrently, the recommendations of the Corporation's independent consulting actuaries for a revised funding basis have been adopted. As a result of these factors, unfunded liabilities in these plans related to past service have increased significantly.

Based on the latest reports of independent consulting actuaries on the Corporation's United States and Canadian retirement plans, all vested benefits are fully funded and it is estimated that the obligations for pension benefits expected to accrue and vest in the future which are related to prior service approximate \$49,800,000 as at December 31, 1976 (1975—\$18,100,000). Consistent with preceding years, these obligations will be recorded in the accounts and funded by annual payments over periods not exceeding twenty-five years.

On January 1, 1969, a funded contributory retirement plan was introduced for employees of Lamson Industries Limited and certain United Kingdom subsidiaries in respect of pensionable service from that date. There are also funded retirement plans for the employees in Australia and New Zealand and, since April 1, 1972, in South Africa. Current service costs under these plans are being charged to earnings and funded annually.

Pensionable service prior to January 1, 1969 in the United Kingdom and prior to April 1, 1972 in South Africa, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation which is unfunded. The deferred liability for pensions referred to in Note 4 relates to this prior service obligation.

In other countries where either state or funded retirement plans exist, there are certain small supplementary unfunded plans.

NOTE 7 CONSOLIDATED STATEMENT OF EARNINGS

The consolidated statement of earnings includes the following:

	1976	1975
Remuneration paid to directors and senior officers	\$ 821,000	\$ 721,000
Pension plan expense	12,313,000	10,488,000
Interest on long-term debt.	6,825,000	7,178,000
Other interest expense.	2,206,000	3,719,000
Amortization of deferred production engineering costs.	818,000	361,000
Amortization of deferred debenture costs	129,000	129,000
Amortization of goodwill	292,000	291,000
Deferred income taxes.	4,677,000	8,565,000
Equity in earnings of associated corporations	1,132,000	1,287,000

NOTE 8 UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS

In accordance with the accounting policy summarized in Note 1, working capital, pension liabilities, and long-term debt in Canadian and other currencies are translated into United States currency at the year-end rates of exchange.

The resulting unrealized foreign exchange adjustments are shown net of \$1,771,000 (1975—\$2,554,000), being the minority interests therein.

The comparative consolidated statement of earnings for the year ended December 31, 1975 has been reclassified to show the unrealized foreign exchange adjustments net of minority interests.

NOTE 9 EXTRAORDINARY ITEMS

Extraordinary items are shown net of minority interest and consist of:

Loss on the sale of property in the United Kingdom, after related tax adjustments of \$148,000	\$ 781,000
Provision for costs arising from the planned phasing out of certain operations in the United Kingdom, net of income tax of \$306,000	431,000
	<u>\$1,212,000</u>

NOTE 10 EARNINGS PER SHARE

The earnings per share calculations are based on the weighted average of the shares outstanding during the year after eliminating the 500,000 shares held by Lamson Industries Limited and after crediting the minority shareholders of Lamson with their portion of the earnings of the Corporation attributable to those shares.

If it were assumed that at the beginning of the year the 6% Convertible Subordinated Debentures had been converted into shares and all outstanding stock options had been exercised with the funds derived therefrom yielding an annual return of 5% net of tax, the earnings per share for the year would have been \$2.13.

NOTE 11 SUBSEQUENT EVENTS

On February 7, 1977, Moore Corporation Limited announced its intention to purchase for cash all the outstanding preference and ordinary shares of Lamson Industries Limited now owned by the minority shareholders. Should this proposal be accepted by the minority shareholders, the cost to the Corporation of acquiring these shares would be approximately £25,000,000, which based on a forward foreign exchange contract entered into would equate to \$41,930,000.

In addition, subsidiary corporations have entered into agreements in 1977 to acquire either the outstanding shares or the operating assets of other companies for a total cash consideration of approximately \$15,300,000.

NOTE 12 LITIGATION

On February 18, 1976, F. N. Burt Company, Inc., a wholly-owned subsidiary of the Corporation, and twenty-two other manufacturers of folding cartons were named as defendants in an indictment brought by the United States charging violations of Federal antitrust law in the pricing of folding cartons. The United States has also filed a civil injunctive action and a double damage suit against the companies making the same charges.

F. N. Burt Company, Inc., along with twenty-one other defendants, pleaded nolo contendere under the criminal antitrust action and fines ranging up to \$50,000, the maximum then provided by Federal antitrust law, were assessed. F. N. Burt Company, Inc. was fined \$30,000. Private treble damage claims, most purporting to be class actions, have been filed against the indicted companies and several other folding carton manufacturers. Due to the current stage of proceeding of these damage suits and the uncertainty inherent in litigation of this type, the ultimate cost to F. N. Burt Company, Inc. of an unfavorable disposition of these cases is presently not determinable. Management anticipates that the ultimate disposition of these lawsuits will not involve liability to F. N. Burt Company, Inc. which would be material to the business or the financial position of the Corporation.

NOTE 13 CANADIAN ANTI-INFLATION PROGRAM

The Canadian operations of the Corporation are subject to controls on prices, compensation, profit margins and dividends. The Corporation believes that it has complied with the anti-inflation program of the Government of Canada.

auditors' report



Box 51 Toronto-Dominion Centre
Toronto, Ont. M5K 1G1
(416) 863-1133 Telex 02-2246

March 14, 1977

To the Shareholders of
Moore Corporation Limited:

We have examined the consolidated balance sheet of Moore Corporation Limited as at December 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Moore Corporation Limited and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the report of the auditors of Lamson Industries Limited.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.
Chartered Accountants



ten-year summary

Expressed in United States currency in thousands of dollars

income statistics

	1976	1975	1974	1973(i)
Sales	\$1,053,241	\$1,005,610	\$1,032,192	\$607,129
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	148,711	159,797	173,324	115,533
Per dollar of sales	14.1¢	15.9¢	16.8¢	19.0¢
Income taxes	77,688	83,597	91,825	60,407
Per dollar of sales	7.4¢	8.3¢	8.9¢	9.9¢
Earnings before extraordinary items	61,633	69,512	72,725	54,896
Per dollar of sales	5.9¢	6.9¢	7.0¢	9.0¢
Per share	\$ 2.20	\$ 2.48	\$ 2.60	\$ 1.93
Net earnings	60,421	69,512	74,725	55,760
Per dollar of sales	5.7¢	6.9¢	7.2¢	9.2¢
Per share	\$ 2.16	\$ 2.48	\$ 2.67	\$ 1.96
Dividends	33,624	33,621	26,894	21,970
Per share	\$ 1.20	\$ 1.20	96.0¢	77.5¢
Earnings retained in business	26,797	35,891	47,831	33,790

balance sheet and other statistics

	1976	1975	1974	1973
Current assets	\$ 452,975	\$ 424,105	\$ 443,393	\$346,328
Current liabilities	137,232	136,386	181,317	116,719
Working capital	315,743	287,719	262,076	229,609
Ratio of current assets to current liabilities . .	3.3 to 1	3.1 to 1	2.4 to 1	3.0 to 1
Fixed assets (net)	285,312	287,589	277,362	246,399
Shareholders' equity	424,139	397,278	358,398	310,020
Per share	\$ 15.14	\$ 14.18	\$ 12.79	\$ 11.07
Number of shareholders	20,036	20,198	20,668	21,303
Number of employees	25,964	26,279	29,535	28,760

1972	1971	1970	1969	1968	1967
\$499,400	\$448,944	\$431,841	\$398,836	\$341,275	\$306,665

95,451 19.1¢	83,708 18.7¢	79,563 18.4¢	78,151 19.6¢	67,398 19.7¢	58,998 19.2¢
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49,429 9.9¢	43,886 9.8¢	42,032 9.7¢	42,439 10.6¢	36,524 10.7¢	29,639 9.6¢
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46,022 9.2¢ \$ 1.62	39,822 8.9¢ \$ 1.40	37,531 8.7¢ \$ 1.32	35,712 9.0¢ \$ 1.26	30,874 9.0¢ \$ 1.09	29,359 9.6¢ \$ 1.04
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46,022 9.2¢ \$ 1.62	39,822 8.9¢ \$ 1.40	37,531 8.7¢ \$ 1.32	35,712 9.0¢ \$ 1.26	30,874 9.0¢ \$ 1.09	29,359 9.6¢ \$ 1.04
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19,199 67.5¢	17,056 60.0¢	16,326 57.5¢	13,819 48.8¢	12,747 45.0¢	12,204 43.1¢
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26,823	22,766	21,205	21,893	18,127	17,155
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1972	1971	1970	1969	1968	1967
\$206,953	\$162,056	\$150,839	\$138,270	\$120,984	\$108,547

53,889	43,539	63,379	56,056	45,123	34,835
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153,064 3.8 to 1	118,517 3.7 to 1	87,460 2.4 to 1	82,214 2.5 to 1	75,861 2.7 to 1	73,712 3.1 to 1
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152,813	149,675	142,146	123,923	104,201	85,881
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288,652 \$ 10.15	261,569 \$ 9.20	238,228 \$ 8.39	216,525 \$ 7.63	193,222 \$ 6.82	175,048 \$ 6.18
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21,537	22,326	23,636	23,225	21,811	18,923
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16,431	15,783	16,630	16,717	14,899	14,151
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(i)
Since November 23, 1973, when the majority interest in Lamson Industries Limited was acquired, the accounts of that company have been included in the consolidated financial statements.

moore . . . serving the graphics and data communications markets

Moore continues to maintain a position of leadership in developing new ideas and systems to meet the constantly expanding requirements of business and industry for improved graphics and data communications.

moore clean print

This is a Moore patented carbonless product that provides greater efficiency and cleaner forms handling to the user through the elimination of the use of one-time carbon. In 1976 Moore commenced coating of the paper used in this product with resulting cost savings and improved product quality.



self-mailer systems

The self-mailer system operates on the principle that the form should also act as the envelope permitting, in one writing, the communication of data accurately and economically. Moore continues to develop new self-mailing form constructions to meet its customers' growing requirements for the efficient transmission of data.





mini-computer forms and supplies

Moore offers a complete package to the users of small computers, including forms, magnetic tapes, disc packs, printer ribbons, forms handling equipment, binders, and storage racks.



health care market

Transcorder II is the second generation of a data collection system developed by Moore to serve the hospital and health care industry. This system has received excellent market acceptance, and Moore is well established as a leader in the design and implementation of an efficient business system for this important industry.

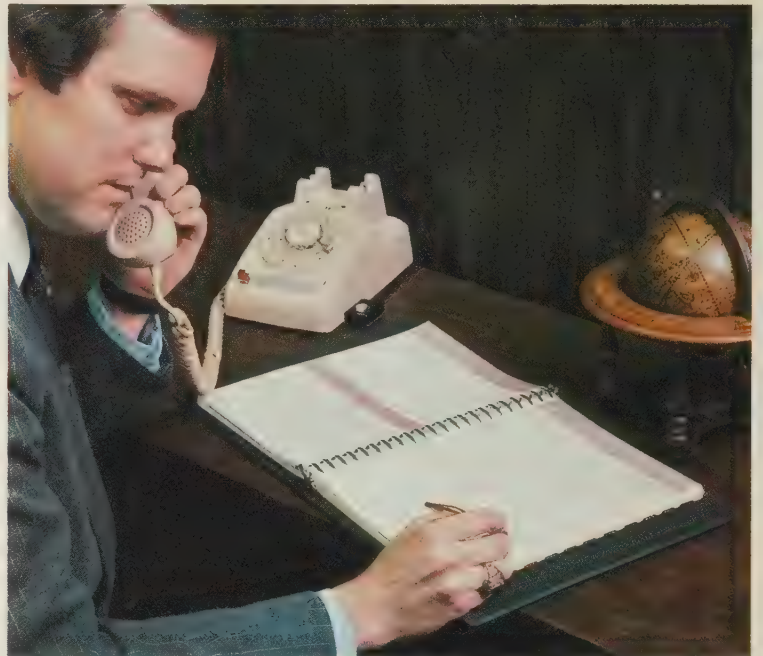
computer graphics

The recent acquisition of International Graphics Corporation has enabled Moore to enter the fast-developing market of computer graphics. Data base information, computer typesetting and printing are combined in one package to produce rapidly updated reference lists, parts lists, price lists, private telephone directories, and similar publications.



personal recordkeeping systems

Through the acquisition of The Recordplate Co., Inc., the Moore Rediform Office Products Division has expanded its product offering to include looseleaf "lifetime" reference books and personal recordkeeping systems.



direct marketing products

Moore continues to broaden its participation in the direct marketing industry by developing unique system applications employing its established business forms manufacturing capability with colour process printing and its patented on-press ink jet printing.





creative custom packaging

Moore combines creative design with printing excellence to provide a wide range of high quality products such as specially designed packages used in the cosmetic and food industries.



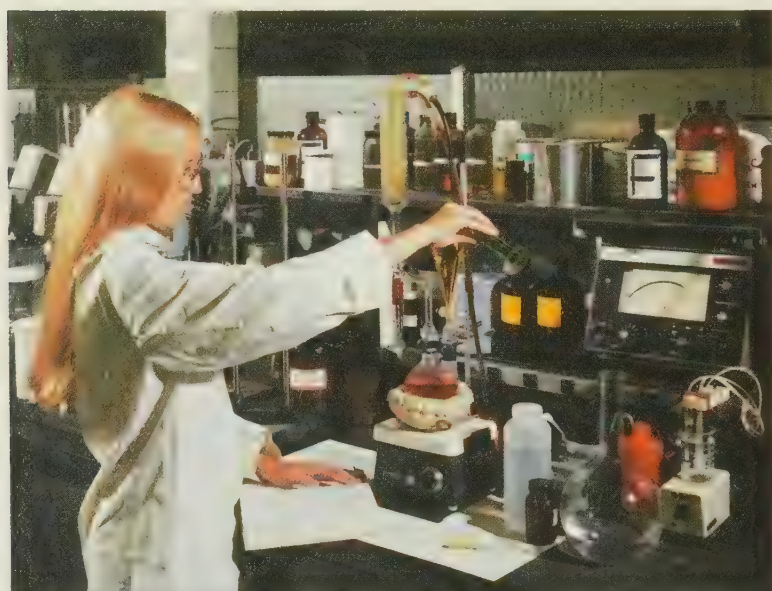
plastics printing and forming equipment

Moore is employing the engineering and design skills of its Machinery Division to develop a line of thermoforming equipment for use in the plastics industry. The Moore Thermoformer prints and molds in one continuous operation.

planning for the future



The new Moore Innovative Development Center being built on Grand Island, New York will house the Corporation's research, marketing and cost and pricing services. These services provide support for ongoing operating programs, and play a major role in ensuring that Moore continues to maintain its position of leadership.



Moore has an extensive research and development program conducted by top professionals in the fields of marketing and of mechanical, chemical and electronics engineering. This skilled staff focus their efforts on both the present and future needs of the graphics and data communications markets.

moore . . . a world-wide organization



subsidiary corporations

- MOORE INTERNATIONAL B.V.—*Netherlands*
- MOORE BUSINESS FORMS, INC.—*United States*
- LAMSON INDUSTRIES LIMITED—*Great Britain*
- MOORE BUSINESS FORMS de MEXICO, S.A. de C.V.—*Mexico*
- MOORE FORMULÁRIOS LIMITADA—*Brazil*
- MOORE BUSINESS FORMS de PUERTO RICO, S.A.—*Puerto Rico*
- FORMULARIOS COMERCIALES de CENTRO AMERICA, LTDA.—*Guatemala*
- F. N. BURT COMPANY, INC.—*United States*
- REID DOMINION PACKAGING LIMITED—*Canada*

associated corporations

- TOPPAN MOORE BUSINESS FORMS CO., LTD.—*Japan*
- FORMULARIOS Y PROCEDIMIENTOS MOORE, S.A.—*Venezuela*
- MOORE BUSINESS FORMS de CENTRO AMERICA, S.A. de C.V.—*El Salvador*

countries in which moore operates

- The world-wide operations of Moore Corporation Limited are indicated by the following countries in which the Corporation conducts business:
- | | | |
|---------------|----------------|---------------|
| Argentina | Guatemala | Netherlands |
| Australia | Hong Kong | New Zealand |
| Austria | India | Norway |
| Barbados | Iran | Portugal |
| Belgium | Irish Republic | Puerto Rico |
| Brazil | Italy | Rhodesia |
| Canada | Jamaica | South Africa |
| Costa Rica | Japan | South Korea |
| Denmark | Kenya | Sweden |
| El Salvador | Malaysia | Switzerland |
| France | Mexico | United States |
| Great Britain | | Venezuela |



board of directors

- DAVID W. BARR Toronto
Chairman
- EDWARD H. CRAWFORD Toronto
President,
The Canada Life Assurance Company
- JAMES D. FARLEY New York, N.Y.
Executive Vice-President,
Citibank, N.A.
- J. DOUGLAS GIBSON Toronto
Chairman,
The Consumers' Gas Company
- L. EDWARD GRUBB Toronto
Chairman and Chief Officer,
Inco Limited
- RICHARD W. HAMILTON Toronto
President
- EDWIN H. HEENEY Toronto
Chairman of the Board,
National Trust Company, Limited
- BERNARD H. PEARCE London, England
President,
Lamson Industries Limited
- W. HAROLD REA Toronto
Chairman,
Great Canadian Oil Sands Limited

honorary directors

- W. HERMAN BROWNE Toronto
- J. STUART FLEMING Niagara Falls, N.Y.
- V. WILLIAM SCULLY Toronto
- ALAN H. TEMPLE New York, N.Y.

officers

- Chairman of the Board*
DAVID W. BARR
- President*
RICHARD W. HAMILTON
- Senior Vice-President—Finance*
JUDSON W. SINCLAIR
- Vice-President and Secretary*
FRANK W. WOODS
- Treasurer*
DONALD S. DUNLOP
- Comptroller*
GEORGE G. FLINT

management of principal subsidiaries and operating divisions

Business Forms and Related Product Lines

- MOORE BUSINESS FORMS, INC.
EASTERN DIVISION—Niagara Falls, N.Y.
Stanley D. Waltman, Vice-President and General Manager
- PACIFIC DIVISION—Oakland, Cal.
Lee C. Rumph, Vice-President and General Manager
- CENTRAL DIVISION—Glenview, Ill.
Maurice O. Beverley, Vice-President and General Manager
- SOUTHERN DIVISION—Denton, Tex.
Chester H. Naukam, Vice-President and General Manager
- REDIFORM OFFICE PRODUCTS DIVISION—Paramus, N.J.
Clayton J. Barth, General Manager
- MACHINERY AND BUSINESS EQUIPMENT DIVISION—Dover, N.H.
John L. Wilson, General Manager
- LAMSON INDUSTRIES LIMITED—London, England
Jean-Paul R. M. Evans, Chairman
Wilbur M. Nichols, Managing Director
- MOORE BUSINESS FORMS—Toronto, Ont.
DIVISION OF MOORE CORPORATION LIMITED
John M. Darwen, Vice-President and General Manager
- MOORE BUSINESS FORMS INTERNATIONAL—Toronto, Ont.
DIVISION OF MOORE CORPORATION LIMITED
John M. Kirkpatrick, Vice-President and General Manager
- MOORE BUSINESS FORMS de MEXICO, S.A. de C.V.
—Tlalneapantla, Mexico
Earl C. Kraft, Vice-President and General Manager
- MOORE FORMULÁRIOS LIMITADA—São Paulo, Brazil
James L. Saunders, General Manager

Computer Graphics

- INTERNATIONAL GRAPHICS CORPORATION—Minneapolis, Minn.
Richard C. Delano, President

Custom Packaging

- F. N. BURT COMPANY, INC.—Buffalo, N.Y.
Donald E. Wandersee, Vice-President and General Manager
- REID DOMINION PACKAGING LIMITED—Hamilton, Ont.
Richard W. Bastien, Executive Vice-President and General Manager

Corporate Services

- RESEARCH—Niagara Falls, N.Y.
Robert H. Downie, Vice-President and General Manager
- MARKETING—Niagara Falls, N.Y.
Henry P. Cooper, Director
- COST AND PRICING—Niagara Falls, N.Y.
William F. Young, Director

corporate office

330 UNIVERSITY AVENUE, TORONTO M5G 1S3

transfer agents

NATIONAL TRUST COMPANY, LIMITED

21 King Street East, Toronto M5C 1B3

1350 Sherbrooke Street West, Montreal H3G 1J1

250 Portage Avenue, Winnipeg R3C 0B5

150 Oxford Square, Calgary T2P 2Y9

510 Burrard Street, Vancouver V6C 2J7

BANKERS TRUST COMPANY

2 Broadway, New York, N.Y. 10004

**MOORE
CORPORATION
LIMITED**

and subsidiary corporations



Interim Report to the Shareholders

for the six months ended June 30, 1976

Sales of \$252.0 million in the second quarter of 1976 represent an increase of 1.0% over the corresponding period in 1975. The increase on a physical basis would be greater. For the six-month period sales of \$514.7 million compare with \$512.0 million reported for the first six months of last year.

Operating earnings before an unrealized exchange loss of \$1.0 million in the quarter were \$15.4 million or 55¢ per share, compared to \$16.8 million or 60¢ per share last year. Net earnings for the second quarter after the unrealized exchange loss were \$14.4 million or 51¢ per share. Operating earnings for the six-month period before an exchange loss of \$2.6 million were \$32.5 million or \$1.16 per share, compared to \$35.1 million or \$1.25 per share in 1975. Net earnings for the six months were equal to \$1.06 per share. There was no exchange gain or loss included in earnings for the first six months of 1975.

Sales reported by Lamson Industries Limited for the second quarter and the six months exceed those in the same periods in 1975. A significant increase in earnings occurred reflecting improved operating results compared to a year ago when earnings were adversely affected by a strike and other special costs.

Both sales and earnings for the Corporation in the second quarter were adversely affected by the continuation of depressed market prices for business forms products, particularly in the United States. During the third quarter, price adjustments in the United States should significantly improve results for the month of September and the last three months of the year.

D. W. BARR
Chairman

R. W. HAMILTON
President

August 10, 1976

**MOORE
CORPORATION
LIMITED**

and subsidiary corporations

Consolidated Statement of Earnings

expressed in United States currency in thousands of dollars

	Three Months Ended June 30		Six Months Ended June 30	
	1976	1975	1976	1975
Sales	\$252,030	\$249,543	\$514,714	\$512,046
Cost of sales, selling and administrative expenses	212,651	207,914	431,627	423,531
Depreciation	5,782	5,952	11,780	11,754
	218,433	213,866	443,407	435,285
Income from operations	33,597	35,677	71,307	76,761
Investment and other income	1,371	1,215	3,107	1,989
Net exchange loss	1,586*	—	4,015*	—
Earnings before income taxes and minority interests	33,382	36,892	70,399	78,750
Income taxes	18,694	19,823	39,896	42,173
Earnings before minority interests	14,688	17,069	30,503	36,577
Minority interests	307	268	688	1,476
NET EARNINGS	\$ 14,381	\$ 16,801	\$ 29,815	\$ 35,101
Per dollar of sales	5.7¢	6.7¢	5.8¢	6.9¢
Per share	51¢	60¢	\$1.06	\$1.25

* After adjusting for minority interests, the effect on net earnings is a reduction of \$1,017,000 or 4¢ per share for the three months ended June 30 and \$2,639,000 or 10¢ per share for the six months ended June 30.



Consolidated Statement of Changes in Financial Position

expressed in United States currency in thousands of dollars

	Six Months Ended June 30	
	1976	1975
SOURCES OF WORKING CAPITAL		
Net earnings	\$ 29,815	\$ 35,101
Items not requiring current outlays of working capital, principally depreciation, deferred income taxes and minority interests	16,628	15,701
Working capital from operations	46,443	50,802
Additions to long-term debt	1,315	4,227
Sale of fixed assets	1,466	819
Common shares issued	64	8
Other sources	477	84
	<u>49,765</u>	<u>55,940</u>
APPLICATIONS OF WORKING CAPITAL		
Expenditure for fixed assets	12,774	19,759
Dividends	16,812	16,811
Deferred charges	588	418
Reductions in long-term debt	3,733	6,299
Other applications	144	337
	<u>34,051</u>	<u>43,624</u>
INCREASE IN WORKING CAPITAL	<u>\$ 15,714</u>	<u>\$ 12,316</u>

These statements are unaudited and subject to year-end adjustments.

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MOORE
CORPORATION
LIMITED



Interim
Report
to the
Shareholders

For the six months ended

June 30, 1976